GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:688
ANSWERED ON:13.05.2005
RECOVERY OF DUES
Madhwaraj Smt. Manorama

Will the Minister of FINANCE be pleased to state:

(a) whether the member banks of Indian Bank Association are operating under a Model Code of Conduct for collection of dues and re-possession of security (CDRS Code);

(b) if so, the details thereof;

(c) whether the Government is aware that the recovery agents resort to questionable methods to recover the dues or to take possession of security thereby violating the Indian Penal Code provisions;

(d) if so, details thereof indicating the number of cases that came to the notice of the Government during the last three years; and

(e) the action taken by the Government thereon?

Answer

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) :

(a) and (b) Indian Banks Association (IBA) has approved a Model Code for collection of dues and repossession of security by banks. This was circulated to all member banks of IBA on 13th November 2003 for adoption on voluntary basis. A copy of the Model Code is available on the website of IBA i.e. www.iba.org.in/circular.

(c) to (e) Yes, Sir. Government has been receiving representations from individuals and different organizations regarding dubious methods adopted by recovery agents of bank. Reserve Bank of India has issued guidelines to Scheduled Commercial Banks on Fair Practices Code in May 2003 advising banks to formulate guidelines duly approved by their Board of Directors. In terms of the guidelines, the banks have been advised not to resort to undue harassment of the borrowers in the matters of recovery of loans of forceful possession of assets. Government/RBI also take up specific complaints received from individuals/Associations relating to these matters with concerned banks for redressal and appropriate remedial action.